

**Burundi Enterprise Support and Training (BEST)  
Program Performance Report  
September-November 1995**

by  
Chemonics  
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## **BEST QUARTERLY PROGRAM PERFORMANCE REPORT SEPTEMBER - NOVEMBER 1995**

### **A. Introduction**

#### **A1. Background**

The goal of the Burundi Enterprise Support and Training (BEST) project is to bring about the development of rural micro and small-scale enterprises (M&SSE) owned by businesspeople representing all ethnic groups in Burundi, to promote economic recovery and foster a peaceful, democratic environment.

The first phase of the BEST project implemented a series of economic and legal reforms to establish a framework favorable for private-sector growth.

The second phase emphasizes technical assistance, lending, and the training of individuals and associations to strengthen businesses, agencies, and institutions involved in entrepreneurial activities in rural areas of the country. In view of the current crisis in Burundi, the project will also support activities to promote micro-enterprises and small businesses that encourage young people in Bujumbura to take up entrepreneurial careers that will benefit and develop the rural areas of the country.

The USAID contract with Chemonics to implement the second phase of the BEST project includes the following:

- 38 person-months of long-term technical assistance
- 6 person-months of short term technical assistance
- Counterpart funds provided as a result of budgetary support amounting to \$31 million U.S. since 1991, the local currency proceeds from which have been used to provide:
  - ☐ Office expenses and the salaries of Burundian BEST staff members
  - ☐ A local-hire USAID accountant
  - ☐ Rent, guard service, and utilities for project-related expatriate housing
  - ☐ Fuel and maintenance for project vehicles

#### **A2. Overview of the Quarter's Activities**

The Chief of Party (COP), Steve Hirsch, made two trips to Burundi during the reporting period from July 31-August 31, 1995, and from October 26-November 22, 1995.

Study tours to Kenya and Zambia were organized by Chemonics for BEST staff members during November. In Kenya, BEST staff visited a number of group-based lending schemes and will incorporate this approach into the project. In Zambia, BEST staff visited a number of business incubators and non-governmental organizations involved in micro and small-scale enterprise promotion. As a result of this visit, the BEST project is considering the establishment of a local NGO to assume M&SSE promotion activities once USAID/Chemonics support has ended.

The BEST project staff reviewed the second draft of a study made by a local consulting group to define the objectives, scope, and general approach of the pilot credit guarantee scheme that will be carried out under the project. The study recommends the establishment of a credit guarantee scheme in

collaboration with the existing French-funded COOPEC network on a pilot basis in the Gitega region. The creation of a number of innovative delivery mechanisms to target artisans and commercial suppliers was also recommended. Preliminary discussions between BEST and COOPEC project representatives went extremely well. Security permitting, the credit scheme will begin operation in the first quarter of 1996.

A second study was carried out which evaluated the status of the economy of Burundi and identified readily-available economic indicators. This information will be used to track the performance of the national economy on an ongoing basis.

Preliminary work carried out by BEST project personnel indicates there is a substantial market for small-scale uses of electricity in most rural areas of Burundi for both domestic and community-based lighting, communications, water pumping, and refrigeration. Based on similar experiences in Kenya, Uganda, and Botswana, these needs can be met by the local private sector through solar photovoltaic technology if suitable credit mechanisms can be established to help end-users buy-down the up-front cost of this equipment and to ensure local, private-sector-based installation and maintenance services. A pilot project document which focuses on this approach is being prepared by Chemonics/BEST.

Following discussions with USAID/Burundi, it was decided that efforts to promote a business incubator approach to M&SSE development would be discontinued.

## **B. Current Program Activities (September-November 1995)**

Actions taken and progress toward achieving the goals of the project during the reporting period include (1) advancement toward the completion of the economic and credit studies and the formulation of the broad outline of the credit guarantee scheme to be implemented together with the COOPECs, (2) the preparation and review of an initial draft of the private sector rural electrification initiative using solar energy, (3) preparation of a draft plan for the BEST project to host a one-day workshop in Bujumbura on the subject of female entrepreneurship, (4) the organization of training programs for the BEST project staff in the United States to be financed by the Burundi Human Resources Development (BUHRD) Project, and (5) the preparation of a draft outline of the training syllabus to be used by the BEST project with local entrepreneurs and the COOPEC administrative councils in the pilot region. Each of these activities is discussed below.

### **B1. Progress on the Economic and Credit Studies and Formulation of the Credit Guarantee Scheme**

- Best project staff reviewed draft versions of both the above studies and provided comments to the local consulting groups which carried them out. Due to frequent power outages in Bujumbura during the latter part of the quarter, completion of the above studies has been delayed. The economic study includes recommendations for the ongoing monitoring of the performance of the Burundi economy. This will be carried out by the staff of the Monitoring Committee of the Structural Adjustment Program, which is housed within the same office complex as the BEST project.
- During a series of meetings, the director of the COOPECs and the BEST COP tentatively agreed on the outline of the credit guarantee scheme, including its scope, targets, and general approach. This outline will be developed during an upcoming consultancy by a Chemonics credit specialist to be carried out in the field during the COP's next visit to Burundi in late January.

- At the invitation of the director of the COOPECs, the COP requested USAID authorization during his November trip to Burundi to travel by air to Gitega. The purpose of the trip was to obtain first-hand information on the needs and potential in the region for entrepreneurial development and to assess the operation of a number of COOPEC offices. Due to the shutdown of the U.S. government in November, the Security Office of the State Department did not respond to the request in time to allow the COP to make the trip during his stay in Burundi.

## **B2. Design of the Private Sector Rural Electrification Initiative Using Solar Energy**

- Requests to promote rural electrification via the private sector's use of photovoltaic technology have been received by the BEST project from the Burundi national utility company (REGIDESO), the Ministry of Energy and Mines, the Ministry of Basic Education, the COOPECs and Fonds de Solidarité des Travailleurs de l'Enseignement (FESTE), a nationwide credit union presently serving 14,000 of Burundi's 17,000 teachers.
- It has been tentatively agreed with the director of the COOPECs that the BEST project will establish two credit windows on a pilot scale within the COOPEC network as part of the collaborative credit program. In November, the COP found he could take advantage of considerable groundwork that had already been laid in this area by the German technical assistance agency GTZ. If this pilot initiative is approved by USAID/ Burundi, it will begin in early 1996 and will include collaboration between the BEST project and Africare.
- A draft plan has been prepared by BEST for the Private Sector Rural Electrification Pilot Project which will be submitted to USAID/Burundi for review during the next quarter.

## **B3. Preparation for a Workshop on Female Entrepreneurship**

- During the COP's August trip to Burundi, BEST staff and USAID/Burundi discussed the idea of the BEST project hosting a one-day seminar on the topic of "entreprenariat feminine." The decision was made to proceed with a planning phase. The objective of the seminar will be to familiarize the BEST project staff with the present conditions that relate to the promotion of female owned and operated businesses in Burundi and help the BEST staff establish objectives and a subproject work plan.
- A preliminary outline of the seminar was prepared including local-hire staffing and budget requirements. The seminar is expected to take place early in 1996. Chemonics will provide an expatriate consultant to assist with its preparation and follow on.

## **B4. Training**

- BEST Project Director Mr. Ntungwanayo was in Washington from October 1-October 13, 1995, to attend activities sponsored by the World Bank. Chemonics organized two days of informal training for Mr. Ntungwanayo following the completion of his World Bank work. Together with the COP, Mr. Ntungwanayo attended sessions with Peter Parr to discuss the credit guarantee scheme, Peter Bearse to discuss micro- and small-business incubators, Diana Walls to discuss training activities, and the Chemonics' BEST management team to discuss ongoing and future project activities.

- The present USAID/Chemonics contract allows Chemonics to provide third-country training for project staff and local entrepreneurs but does not allow for U.S.-based training. In a discussion with former USAID/Burundi Deputy Director Martin Schulman, the COP requested USAID assistance to provide short-term U.S. training for the BEST project staff in M&SSE development and business management. Mr. Schulman suggested that this training could be financed under the USAID/Burundi Human Resource Development (BUHRD) Project if Chemonics would help make the necessary arrangements in the United States.
- The M&SSE development training needs of the BEST staff members were reviewed and plans developed for short-term, U.S.-based, training at the Atlanta Management Institute, and the U.S. Department of Agriculture Graduate School. This training will be organized and monitored by Chemonics International and will begin in early 1996 if financing is approved by USAID/Burundi under the BUHRD.
- The COP prepared the outline of a training syllabus to be used in-country in conjunction with the pilot credit guarantee scheme and reviewed it with the BEST staff. The training syllabus will be used with local entrepreneurs, the COOPEC administrative councils, and COOPEC staff in the pilot region. Following USAID/Burundi's approval of the credit guarantee scheme, the training syllabus outline will be reviewed with the staff of the COOPECs and developed into a complete training package.

## **B5. Project Administration**

- The COP completed the closure of the Project Support Office (PSO).
- The text of a brochure describing Phase II of the BEST project was prepared and will be printed early in the next quarter in Bujumbura.

## **C. Projected Activities for December 1995-February 1996**

- Finalize the credit and economic studies.
- Organize the visit to Burundi of a consultant specializing in the design and operation of micro and small-scale enterprise-oriented credit programs. Prepare and submit to USAID/Burundi for review a comprehensive document describing the credit guarantee scheme.
- Once the credit guarantee scheme is approved by USAID/Burundi, expand the outline of the business management training syllabus into a complete training package.
- Continue work with BEST staff on the planning for a one-day seminar in Bujumbura on the topic of "entreprenariat feminine." Identify an expatriate consultant to participate in and bring an international perspective to the seminar.
- Finalize and submit to USAID for approval the pilot project document on Private Sector Rural Electrification Using Solar Energy.
- Continue planning for the short-term (one month) training for BEST project personnel in the United States beginning in early 1996. The training will be arranged by Chemonics International and financed by USAID/Burundi under the Burundi Human Resources Development Program.

- Carry out a review of the national policy measures presently in place which relate to M&SSE promotion.

#### **D. Outstanding Program and Administrative Issues**

Security throughout Burundi continues to be questionable. Both BEST project staff and Chemonics are developing ways in which the activities of the project can be continued if travel to the country's interior is not possible.

Because of the recurring electricity outages in Bujumbura, the project is considering the purchase of a diesel generator using local counterpart funds to provide power for the BEST office in Bujumbura. During his November trip to Burundi, the COP assisted the Project Director in obtaining proforma invoices for the generator.